

STEPTOE & JOHNSON
ATTORNEYS AT LAW
1330 CONNECTICUT AVENUE
WASHINGTON, D. C. 20036

ROBERT J. CORBER
(202) 429-8108

January 5, 1989

JAN 5 11 05 AM '89
MOTOR VEHICLE REGISTRATION NO. 6145

JAN 5 1989 11 24 AM

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Room 2215
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION
No. 9-005A038
Date JAN 5 1989
Fee \$ 13.00

ICC Washington, D. C.

Dear Ms. McGee:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. §11303 are the original and three (3) copies of the document hereinafter described. The Document relates to the railroad equipment identified below.

1. Lease Agreement dated as of December 22, 1988 between Brae Transportation Group Corporation, lessor, and Cargill Incorporated, lessee.

The equipment subject to this document consists of 427 covered hopper railcars bearing the marks BRAX 8556 - 8594, 8596 - 8638, 8640 - 8664, 8666 - 8755, 8778 - 8781, 8783, 8786 - 8788, 8790 - 8793, 8800 - 8982, 8984 - 8998, 9041, 9100 - 9111, 9200 - 9206, inclusive.

The names and addresses of the parties to the document are as follows.

Lessor: Brae Transportation Group Corp.
One Hundred Sixty Spear Street
San Francisco, CA 94105

Lessee: Cargill Incorporated
15615 McGinty Road, West
Minnetonka, MN 55345

A fee of \$13.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the person presenting this letter.

A short summary of the document to appear in the index follows:

1. Lease Agreement dated as of December 22, 1988 between Brae Transportation Group Corporation and Cargill

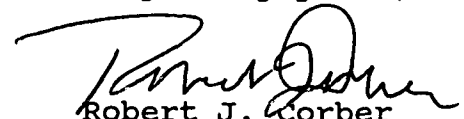
Counterpart - Shirley C. Corbett

Ms. Noreta R. McGee
January 5, 1989
Page Two

Incorporated, covering 427 Covered hopper railcars marked as indicated in the document.

Since this document is related to the Sale and Lease Agreement recorded under Recordation Number 16144, it is requested that this Lease Agreement be cross-indexed under Recordation Number 16144.

Very truly yours,


Robert J. Corber
Attorney for Brae
Transportation Group
Corporation

Enclosures as stated

RECORDATION NO. 1 6145

LEASE AGREEMENT

JAN 5 1989 - 11 19 AM

INTERSTATE COMMERCE COMMISSION
LEASING AGREEMENT ("Agreement"), dated as of December 22, 1988, between **BRAE TRANSPORTATION GROUP CORPORATION**, 160 Spear Street, Suite 1600, San Francisco, California 94105 ("BTGC"), as lessor, and **CARGILL, INCORPORATED**, 15615 McGinty Road, West, Minnetonka, Minnesota 55345 ("LESSEE"), as lessee (the "Parties").

RECITALS

BTGC agrees to lease to LESSEE, and LESSEE agrees to lease from BTGC, those certain railroad freight cars as set forth in the lease schedules executed by the Parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by the Parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter individually referred to as "Car" and collectively referred to as the "Cars."

In consideration of the premises and the mutual covenants contained herein, the Parties agree as follows:

AGREEMENTS

1. **DELIVERY OF CARS.** BTGC and LESSEE hereby acknowledge that the Cars have been delivered to and accepted by LESSEE and that further deliveries of Cars are not required pursuant to this Agreement. LESSEE agrees to use the Cars exclusively in its own service, except as hereinafter provided, and none of the Cars shall be shipped beyond the boundaries of the United States, Canada or incidental use in Mexico except with prior written consent of BTGC. However, LESSEE shall bear the entire risk of damage, loss, theft or destruction, partial or complete, of any Car as a result of LESSEE's use of such Car in Mexico. LESSEE shall reimburse BTGC for any customs duties, taxes, investment tax credit reductions or other expenses resulting from use outside the continental United States.

2. **SUBSTITUTION OF CARS.** BTGC has at any time the right, upon seven (7) days written notice to LESSEE, to replace any or all of the Cars, including destroyed Cars, with new, used or rebuilt cars of the same general class and type. With the exception of a destroyed Car, a replacement car will be delivered to and accepted by LESSEE before any Car is removed from LESSEE's service. The cost of delivery and remarking of any such replacement cars or replaced Cars will be borne by BTGC.

3. **COMPENSATION.**

A. **Trustee.** BTGC shall as soon as practicable appoint a trustee ("Trustee") to receive all rental payments due BTGC and to distribute such rental payments in accordance with a trust agreement. Upon the appointment by BTGC of the Trustee, BTGC shall notify LESSEE in writing of such appointment and LESSEE shall then remit all rentals due hereunder to the Trustee. In addition, BTGC shall deposit \$300,000 (the "Deposit") with the Trustee to remain in a separate account during the term of this Agreement, the interest earned on the Deposit shall be for the account of BTGC and shall be distributed to BTGC periodically throughout the term of this Agreement in accordance with the trust agreement. BTGC agrees, that if BTGC has filed under any bankruptcy, reorganization, insolvency or moratorium law or has not remitted to LESSEE mileage credits collected and due to LESSEE for any month, LESSEE may instruct the Trustee to remit directly to LESSEE such mileage credits due LESSEE out of the Deposit in accordance with the trust agreement.

"THIS LEASE AGREEMENT IS SUBJECT TO AN ASSIGNMENT OF RENTS AND SECURITY AGREEMENT MADE BY BRAE TRANSPORTATION GROUP CORPORATION TO GENERAL ELECTRIC RAILCAR SERVICES CORPORATION"

B. Rental Payments. Commencing January 1, 1989, the monthly fixed rent due BTGC during the first five years of the term hereof with respect to each Car shall be \$350 ("Monthly Rent") and shall be sent such that the Monthly Rent shall be received by the Trustee no later than the first day of each month. Commencing January 1, 1994, the Monthly Rent shall be \$350 per Car, provided, however, that \$75.00 of such Monthly Rent per Car, during the term hereof, shall be subject to adjustments calculated by multiplying \$75.00 by a fraction, the numerator of which shall be the then current Association of American Railroads ("AAR") Labor Rate, and the denominator of which shall be the AAR Labor Rate effective as of July 1, 1991. Provided further, that in no event shall the Rent, as defined below, be less than \$350 per Car. Each adjustment made, during the term hereof, due to changes in the AAR Labor Rate shall become effective upon the effective date of each such change in the AAR Labor rate and invoices shall be adjusted to the effective date of such change to reflect any such increase or decrease. The Monthly Rent as adjusted shall be referred to as the "Adjusted Monthly Rent". Wherever this Agreement applies to both the Monthly Rent and the Adjusted Monthly Rent collectively, such rentals shall hereinafter be referred to as "Rent". The Rent shall be prorated for any period which is less than a full month. Monthly Rent due hereunder shall commence on January 1, 1989 and the Adjusted Monthly Rent shall commence on January 1, 1994. Rent shall continue to be paid throughout the term of this Agreement, unless a Car is destroyed as described in Section 6D below. If, for any reason the AAR Labor Rate ceases to exist, the Parties hereby agree that another inflationary indicator mutually acceptable to both Parties shall be used, however, in the event the Parties are unable to agree on a substitute indicator, the Consumer Price Index shall then be used.

C. Invoicing. BTGC shall invoice LESSEE approximately twenty-five (25) days in advance of the beginning of each service month for the Rent. LESSEE shall pay the Rent to the Trustee on or before the first day of the month following LESSEE's receipt of an invoice from BTGC. Failure to provide LESSEE with an invoice shall not be deemed to be a breach of this Agreement, and shall not relieve LESSEE of any of its obligations hereunder.

D. Mileage Credits. BTGC shall provide to LESSEE at the same time an invoice is sent, an accounting of the mileage credits collected in the most recent service month (the "Current Mileage Credits"). BTGC shall pay to LESSEE, on or before the last business day of each month, the Current Mileage Credits up to the amount of the Rent. BTGC shall keep a separate accounting of all mileage credits collected in excess of the Rent for each service month to be paid by BTGC to LESSEE in respect of any subsequent service month in which the mileage credits collected for such subsequent service month are less than the amount of the Rent for such subsequent service month ("Excess Mileage Credits"). BTGC shall pay any such Excess Mileage Credits together with Current Mileage Credits for such subsequent service month. Further, BTGC shall pay any Excess Mileage Credits directly to LESSEE until such time as LESSEE is reimbursed in full for any out of pocket Rent paid to BTGC for the initial service months for which BTGC did not receive mileage credits. Provided, further, to the extent that the Excess Mileage Credits held by BTGC are insufficient to cover invoices received due to mileage agreements entered into between LESSEE and railroad companies ("Mileage Allowances"), BTGC shall invoice LESSEE for such deficits. At the end of the term of this Agreement there will be a reconciliation of the account, whereby any excess mileage credits remaining shall be for the account of BTGC, however, if the excess mileage credits remaining, if any, are insufficient to cover the balance of the Adjusted Monthly Rent due, BTGC shall invoice LESSEE for any such deficits, and LESSEE must remit amounts invoiced to BTGC within fifteen (15) days of LESSEE's receipt of such invoice from BTGC. In addition, if BTGC receives any invoices for Mileage Allowances after the end of the term of this Agreement and the excess mileage credits remaining, if any, are insufficient to cover such Mileage Allowances due, BTGC shall invoice LESSEE for such amounts and LESSEE must remit amounts invoiced to BTGC within fifteen (15) days of LESSEE's receipt of such invoice from BTGC.

E. Rent Abatement. LESSEE shall be entitled to an abatement of Rent with respect to damaged Cars which are subject to defect cards issued by railroads, and, except for running type repairs, for work classified as owner's responsibility. Such abatement shall commence with respect to any damaged Car five (5) days after a Car has been delivered to the repair shop and shall continue until five (5) days after such Car has been repaired and released from the shop or until another car shall have been placed in the service of LESSEE by BTGC.

F. Excess Maintenance Charges.

For each mile in excess of $\frac{40,000 \times \text{days in service}}{365}$ averaged over the entire fleet of Cars in a calendar year, there will be an additional charge of \$0.025 for which LESSEE will be invoiced as additional rent.

G. Late Rent Payment. LESSEE will, on demand, pay to BTGC interest at the lower of 15% per annum or the maximum rate permitted by applicable law on any payment of Rent not paid when due for any period during which the same shall be overdue.

4. TERM. The term of this Agreement with respect to the Cars shall commence on January 1, 1989 and shall continue, unless otherwise terminated by any other provision hereof, until December 31, 2003.

5. RECORD KEEPING. BTGC shall perform all record-keeping functions related to the use of the Cars by LESSEE and other railroads in accordance with the Association of American Railroads ("AAR") Interchange Rules and AAR Code of Car Service and Code of Car Hire Rules-Freight. Correspondence from railroads using such Cars shall be addressed to BTGC at the address set forth in the preamble to this Agreement. LESSEE and BTGC agree that BTGC shall continue to provide such record-keeping functions until the expiration or earlier termination of the Agreement.

6. MAINTENANCE.

A. It is understood that the Cars are to be used in grain service only, and shall not, under any circumstances, be used for shipment of any other commodity without the prior written consent of BTGC. LESSEE shall use the Cars in a careful and prudent manner, shall preserve the Cars in good condition, ordinary wear and tear excepted in accordance with AAR Interchange Rules, and will not alter the physical structure of any Car without the prior written consent of BTGC.

B. Except as otherwise provided in this Section 6, BTGC agrees to pay for the maintenance and repair of the Cars. LESSEE shall not repair, or authorize the repair of, any of the Cars without BTGC's prior written consent, except that running repairs (as specified in the AAR Interchange Rules) may be performed without prior written consent. The amount BTGC will pay for such running repairs shall not be in excess of the base charges in effect at the time the repair is made, as provided by the AAR Interchange Rules. If LESSEE performs repairs to the Cars, LESSEE shall furnish BTGC with records of repairs made to the Cars in full AAR Billing Repair Card formats. Any exceptions to repairs made by LESSEE taken by BTGC will be made directly to LESSEE. Upon receipt of such information, BTGC will reimburse LESSEE for such repairs made. LESSEE agrees that BTGC will be responsible for designating the repair facility for any damaged Cars which are subject to defect cards issued by railroads and, except for running type repairs, for work classified as owner's responsibility, and that BTGC shall have control over the performance and acceptance of such repair work. BTGC will be responsible for all costs of transporting any of the Cars to repair facilities, except in instances where the handling railroad has such responsibility under the AAR Interchange Rules, or such required maintenance is the result of LESSEE's negligence in the handling, loading and operation of the Cars.

C. BTGC's maintenance obligations shall not extend to repair or maintenance required as a result of, or attributable to: (i) defects in the manufacture or workmanship of any Car or any component thereof or any material incorporated therein by the manufacturer thereof or by any person other than BTGC, its agents or representatives; (ii) damage caused by LESSEE, its agents or representatives or any third party (other than a railroad), or while any Car is in LESSEE's possession; (iii) damage to any Car by any corrosive, contaminating or abrasive substance loaded therein or used in connection therewith; (iv) damage caused to any Car by open flames, vibrators, sledges or other similar devices during loading or unloading; (v) excessive or unbalanced loading; and (vi) failure or wear of special interior linings; damage to interior loading devices and removable parts; or missing removable parts.

D. In the event damage beyond repair or destruction of a Car has been reported in accordance with the AAR Interchange Rules and the appropriate amount due to BTGC as a result thereof is received by BTGC, the damaged or destroyed Car will be removed from the coverage of this Agreement as of the date such damage beyond repair or destruction occurred. Any amounts received by LESSEE as a result of such damage will be promptly paid over to the Trustee.

7. **INSPECTION.** BTGC shall at any time during normal business hours have the right to enter the premises of LESSEE upon reasonable notice to LESSEE for the purpose of examining the Cars. LESSEE agrees to use its best efforts to arrange for such inspections by BTGC of any Cars which may be located on property not owned or controlled by LESSEE.

8. **REMARKING OF CARS.** BTGC and LESSEE agree that BTGC, at its sole expense, shall perform any and all remarking of the Cars deemed necessary by BTGC.

9. **TAXES.** BTGC shall be responsible for the payment and filing of all property taxes levied or imposed upon the Cars. LESSEE agrees to assume responsibility for and to pay any applicable state sales, use or similar taxes resulting from the lease or use of the Cars.

10. **INSURANCE.** LESSEE shall protect against the consequences of an event of loss involving the Cars while on LESSEE's property and rights of way by maintaining bodily injury and property damage liability insurance with minimum coverage of \$1,000,000 per occurrence on the Cars and by maintaining insurance protecting against damage to the Cars with minimum coverage of \$60,000 per occurrence (per Car) or by maintaining a self-insurance program acceptable to BTGC. However, if LESSEE elects to self-insure, BTGC shall have the right to review such self-insurance program annually to assure itself that the Cars are amply covered. In the event LESSEE elects to carry insurance, LESSEE shall furnish to BTGC concurrently with the execution hereof, and thereafter at intervals of not more than 12 calendar months, certificates of insurance evidencing bodily injury, property damage liability and physical damage insurance signed by an independent insurance broker with 30 days written notice of cancellation to BTGC. All insurance certificates shall be taken out in the name of LESSEE and shall name BTGC (or its assignee) as an additional named insured.

11. **INDEMNITIES.**

A. Except as otherwise provided in Section 6, LESSEE agrees to indemnify and hold BTGC harmless from and against all losses, damages, injuries, liabilities, claims and demands whatsoever (whether as a result of damage to the Cars or injury to third parties or their property) and any expense in connection therewith (including legal fees), arising out of the use or operation of the Cars during the term of this Agreement unless such claim for loss or damage was caused by BTGC's negligence.

B. BTGC shall not be liable for any loss of or damage to any commodities loaded or shipped in the Cars. LESSEE agrees to assume responsibility for, to indemnify BTGC against, and to hold BTGC harmless from, any claim in respect of such loss or damage and to assume responsibility for any damage caused to any Car by such commodities.

12. ASSIGNMENT/SUBLEASE; SUBORDINATION.

A. So long as LESSEE shall not be in default under this Lease Agreement, LESSEE may sublease the Cars to others, provided, however, that the rights of any such sublessee shall be subject and subordinate to, and any such sublease shall be made expressly subject and subordinate to, all the terms of this Lease Agreement. In addition, before LESSEE enters into any such sublease it is agreed that LESSEE must obtain BTGC's prior approval, and BTGC agrees that such approval shall not be unreasonably withheld and that such determination is to be given within five (5) business days. No sublease of any Car shall in any way discharge or diminish any of LESSEE's obligations to BTGC hereunder including, but not limited to, the payments due to BTGC on the first day of each month pursuant to Section 3 of this Agreement.

B. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns. It is understood and agreed that BTGC or any Lease Assignee may assign this Agreement with respect to some or all of the Cars listed on any Schedule hereto to any trust of which BTGC or one of its wholly-owned subsidiaries is a beneficiary, to any corporate joint venture of which BTGC or one of its wholly-owned subsidiaries is a stockholder, to any affiliate of BTGC, or to any owner of such Cars (each hereinafter a "Lease Assignee"). LESSEE agrees to give its consent and to acknowledge, upon receipt of notice of assignment, such assignment of this Agreement by BTGC or any Lease Assignee. BTGC warrants that any Lease Assignee of the Cars shall subject such Cars to all the terms and conditions of this Agreement. Any Lease Assignee shall similarly warrant that any subsequent Lease Assignee of the Cars shall subject such Cars to all the terms and conditions of this Agreement.

C. LESSEE's rights hereunder shall be subject and subordinate to the rights of any owner or secured party under any management or financing agreement entered into by BTGC in connection with the acquisition of some or all of the Cars, i.e., upon notice to LESSEE from any such secured party or owner that an event of default has occurred under such management or financing agreement, such party may require that all rent shall be paid directly to such party. LESSEE also agrees to acknowledge, upon receipt, any assignment of this Agreement by BTGC, or by any Lease Assignee, to any owner or secured party under any management or financing agreement entered into by BTGC or such Lease Assignee in connection with the Cars leased hereunder. LESSEE hereby agrees that any such assignment may be with respect to all or part of the Cars on any Schedule hereto and that so long as the Lease Assignee performs all of its obligations under this Agreement, LESSEE may not terminate this Agreement. Any assignment of this Agreement by BTGC or any Lease Assignee to any secured party shall not subject that secured party to any of BTGC's or such Lease Assignee's obligations hereunder. Those obligations shall remain enforceable by LESSEE solely against BTGC or such Lease Assignee, as the case may be.

13. COMPLIANCE WITH REGULATIONS. LESSEE shall, at its own expense, comply with all governmental laws, regulations and requirements, with the AAR Interchange Rules and with the rules and regulations of the Federal Railway Administration with respect to the use, maintenance, and operation of the Cars. LESSEE shall be responsible for obtaining all necessary railroad permissions, approvals and consents, including all necessary OT-5 approvals, for use of the Cars and shall bear all risk of failure to obtain such permission,

approval and consent, or of cancellation thereof. BTGC shall take all actions reasonably requested by LESSEE in order to assist LESSEE in obtaining such permissions, approvals or consents.

14. RETURN OF CARS. Upon the expiration or earlier termination of this Agreement with respect to any Car, LESSEE agrees that BTGC shall provide LESSEE with disposition instructions for the movement of the Cars after their final unloading. At the request of BTGC, LESSEE agrees to provide BTGC with a final load with respect to any empty Car located at or returning to any of LESSEE's loading facilities. LESSEE hereby agrees that it shall be responsible for the Cars in accordance with AAR Interchange Rules until such time as each Car is delivered pursuant to BTGC's disposition instructions. Delivery of the Cars shall be at LESSEE's sole expense, if any, and the Cars shall be in the same or as good condition as received, ordinary wear and tear excepted, free from all charges and liens except those which may result from an act or omission of BTGC, and free from all accumulations or deposits from commodities transported in or on the Cars while in the service of LESSEE. If any Car is not returned to BTGC in the condition required hereby, LESSEE shall be liable to BTGC for any and all reasonable cleaning, repair or servicing costs required to place such Car in proper condition, including the cost to transport such Car to a repair facility, as required. In the event that any Car is not redelivered to BTGC on or before the date this Agreement expires or terminates with respect to such Car, all of the obligations of LESSEE under this Agreement with respect to such Car shall remain in full force and effect until such Car is redelivered to BTGC; provided, however, that after the expiration or termination date with respect to such Car, BTGC shall be entitled to 150% of the Adjusted Monthly Rent until the Cars are returned to BTGC, prorated, however, for any period which is less than a full month.

15. POSSESSION AND USE. So long as LESSEE shall not be in default under this Agreement, LESSEE shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent cars are customarily used in the railroad freight business.

16. DEFAULT.

A. The occurrence of any of the following events shall be an Event of Default by LESSEE:

(i) The nonpayment by LESSEE of any sum required herein to be paid to BTGC by LESSEE within ten (10) days of LESSEE's receipt of written notice from BTGC.

(ii) The breach by LESSEE of any other term, covenant, or condition of this Agreement, which is not cured within thirty (30) days of LESSEE's receipt of written notice by BTGC.

(iii) Any act of insolvency or bankruptcy by LESSEE, or the filing by LESSEE of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against LESSEE, or the appointment of any receiver or trustee to take possession of the properties of LESSEE, unless such petition of appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of filing or appointment.

(v) The subjection of any of LESSEE's property to any levy, seizure, assignment, application or sale for or by any creditor or government agency which is not stayed or removed within ninety (90) days of the filing thereof.

(vi) Any representation or warranty made by LESSEE herein or any other document delivered to BTGC by LESSEE related to this Agreement shall prove to have been false or incorrect in any material respect on the date when made and such breach or default shall continue for a period of thirty (30) days after LESSEE's receipt of written notice from BTGC of such default.

(vii) If, on three (3) or more occasions during the term of this lease, LESSEE fails to pay any sums due to BTGC hereunder within three (3) days of the specified due date.

B. Upon the occurrence of any such Event of Default and if such event of default is not cured as provided herein, BTGC may, at its option:

(i) Demand immediate payment in full of all lease payments due hereunder;
or

(ii) Proceed by any lawful means to terminate this Agreement and recover damages for a breach hereof and BTGC shall use its reasonable efforts to mitigate such damages, and terminate LESSEE's right of possession and use of the Cars, whereupon all right and interest of LESSEE in the Cars shall terminate and thereupon BTGC may enter upon any premises where the Cars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of LESSEE, provided that BTGC shall nevertheless have the right to recover from LESSEE any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to the date on which BTGC took such possession; or

(iii) Proceed by any lawful means to enforce performance by LESSEE of this Agreement. LESSEE agrees to bear the costs and expenses, including without limitation reasonable attorneys' fees, incurred by BTGC in connection with the exercise of its remedies pursuant to this Section 16B.

C. The occurrence of any of the following events shall be an Event of Default by BTGC:

(i) The nonpayment by BTGC of any sum required herein to be paid by BTGC within thirty (30) days of BTGC's receipt of written notice from LESSEE.

(ii) The breach by BTGC of any other term, covenant, or condition of this Agreement, which is not cured within thirty (30) days of BTGC's receipt of written notice by LESSEE.

(iii) Any representation or warranty made by BTGC herein or any other document delivered to LESSEE by BTGC related to this Agreement shall prove to have been false or incorrect in any material respect on the date when made and such breach or default shall continue for a period of thirty (30) days after written notice to BTGC of such default has been received.

D. Upon the occurrence of any such Event of Default and if such event of default is not cured as provided herein, LESSEE may, at its option:

(i) Proceed by any lawful means to terminate this Agreement and recover damages for a breach hereof and LESSEE shall use its reasonable efforts to mitigate such damages; or

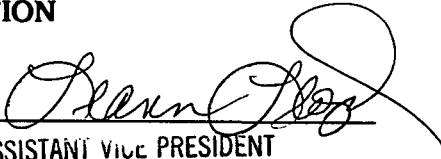
(ii) Proceed by any lawful means to enforce performance by BTGC of this Agreement. BTGC agrees to bear the costs and expenses, including without limitation reasonable attorneys' fees, incurred by LESSEE in connection with the exercise of its remedies pursuant to this Section 16D.

E. A copy of all notices sent to either party pursuant to this Section 16 shall also be sent to the owner of the Cars. BTGC shall supply LESSEE with the name and address of such owner.


17. **GOVERNING LAW.** The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York. This Agreement contains all of the terms and conditions agreed to between the Parties, and no other prior agreements, oral or otherwise, concerning the subject matter of this Agreement, shall be deemed to exist or bind any Party hereto. The terms of this Agreement and the rights and obligations of the Parties hereto may be changed only by writing executed by both Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the 22nd day of December, 1988.

**BRAE TRANSPORTATION GROUP
CORPORATION**

By: 
Title: ASSISTANT VICE PRESIDENT

CARGILL, INCORPORATED

By: 
Title: VICE PRESIDENT
COMMODITY MKTG DIVN

EQUIPMENT SCHEDULE NO. 1

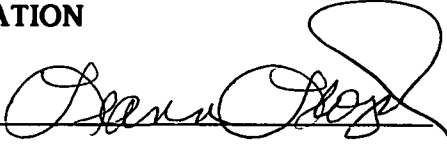
BRAE Transportation Group Corporation ("BTGC"), hereby leases the following railcars to Cargill, Incorporated, ("LESSEE") pursuant to that certain Lease Agreement dated as of December 22, 1988:

<u>Number of Cars</u>	<u>Description</u>	<u>A.A.R. Designation</u>	<u>Car Number(s)</u>
427	Covered Hoppers, 100-ton 4750 Cubic Feet	LO	BRAX 8556-8594 8596-8638 8640-8664 8666-8755 8778-8781 8783, 8786-8788 8790-8793 8800-8982 8984-8998 9041, 9100-9111 9200-9206

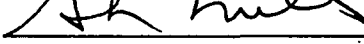
BTGC and LESSEE hereby incorporate by reference all of the terms, conditions and provisions of the Lease Agreement in this Schedule.

IN WITNESS WHEREOF, the Parties have executed this Schedule as of the 22nd
day of December, 1988.

**BRAE TRANSPORTATION GROUP
CORPORATION**

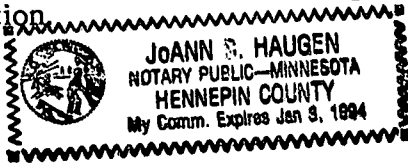
By 
Title ASSISTANT VICE PRESIDENT
Date 12/22/88

CARGILL, INCORPORATED

By 
Title VICE PRESIDENT
COMMODITY MTC DIV
Date 12/22/88

STATE OF MINNESOTA)
) ss.
COUNTY OF)

On this 22 day of December, 1988, before me personally appeared G.L. Mills, to me personally known, who being by me duly sworn, did depose and say that such person is Assistant Vice Pres of Cargill, Incorporated and that the foregoing Lease Agreement, and Equipment Schedule No. 1 were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments was the free act and deed of such corporation.

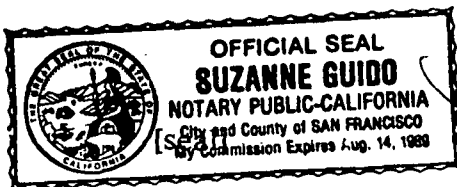


[seal]

Joann S. Haugen
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 22 day of December, 1988, before me personally appeared LEANN LLOYD to me personally known, who being by me duly sworn says that such person is ASSISTANT VICE PRESIDENT of BRAE Transportation Group Corporation, and that the foregoing Lease Agreement, and Equipment Schedule No. 1 were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments was the free act and deed of such corporation.



Suzanne Guido
Notary Public